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C O N F I D E N T I A L SECTION 01 OF 03 NICOSIA 001842

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SUBJECT: UN, FINNS OFFER UPDATES ON THEIR RESPECTIVE EFFORTS

REF: A. NICOSIA 1758
[1](#)B. NICOSIA 1768
[1](#)C. NICOSIA 1812
[1](#)D. NICOSIA 959

Classified By: Ambassador Ronald L. Schlicher, reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY. Top UNFICYP officials privately outlined for us the UN's latest plan to unblock the current deadlock in the Gambari Process. A last-minute snag over procedure threatens to delay the start of work by the technical and substantive committees, however, and UN officials privately worry that a lack of goodwill from Papadopoulos could combine with a lack of buy-in from Ankara to hamper real progress between Greek and Turkish Cypriot negotiators. As for the Finnish ports/Varosha proposal, Turkey has played coy, the Turkish Cypriots have tabled a maximalist list of demands, and GOC negotiator Tzionis sounded a "surprisingly" flexible tone to the Finns. Wary of Papadopoulos's proven skill at the "blame game," local Finnish Ambassador Piipponen said the Greek Cypriots nonetheless seemed truly interested in anything that would produce a positive public perception that there was movement on Varosha. The immediate problem, he felt, was Turkey's strategy of last-minute brinkmanship, which could easily backfire. The Finnish MFA DG will visit Turkey and Cyprus next week for further consultations, and will suggest discreet three-way proximity talks in an effort to produce a "yes" to the Finnish proposal.

[1](#)2. (C) COMMENT: The best approach in the critical weeks ahead will be unwavering U.S. public support for the separate but interlocking efforts of the Finns and the UN. Any U.S. moves should avoid providing the parties with an excuse for indecision and inaction. At the same time, we must weigh in discreetly but firmly with the Turks to get them to "yes" so that Papadopoulos might be cornered into "no," or into making some real, hard trade-offs. Only by returning to their policy of being "one step ahead" on Cyprus will Turkey be able to wrong-foot the GOC, isolate Papadopoulos within the EU, and stave off December's looming train wreck. END
SUMMARY AND COMMENT.

UN TRACK: BRIDGING PROPOSAL ALMOST READY

[1](#)3. (C) In a meeting with poloffs on October 24, UNFICYP DCM Wlodek Cibor outlined the UN's planned next steps to kick-start the deadlocked Gambari Process (refs a and b). After much shuttle diplomacy over the past month, he said, SRSG Moller had arrived at a bridging proposal that was agreeable in substance to both sides and could allow talks to resume "before the end of November." The details of the UN proposal are as follows:

-- First, the two communities' technical and substantive committees would meet intensively over a 7-day period. During this Phase I, the sides would work out agendas, common frames of reference, meeting procedures, etc.

-- At the end of this first phase, the two leaders would meet and issue a joint statement blessing the committees' work so far and kicking off a second phase. In this Phase II, the committees would begin technical talks in earnest, and would also start to tackle issues of substance. The leaders would meet from time to time throughout, whenever they (both) felt it necessary to help move this process forward.

-- At the end of the second phase, the two sides would have progressed as far as they could go without outside help, Cibor said (e.g., having agreed on some technical cooperation, put specific proposals on the table regarding a range of substantive topics, and perhaps even engaged in some preliminary negotiations). The two leaders would then issue a joint appeal for the UNSYG to resume his Good Offices Mission and restart full-blown settlement talks.

14. (C) The UN originally wanted Phase II to last no longer than three months, Cibor told us, but the Greek Cypriots balked at such an "asphyxiating time line." The Turkish Cypriots predictably counter-balked at the idea the process could be open-ended, he said, so the UN settled on more ambiguous language calling for Phase II to be finished "in the first part of 2007."

UN TRACK: WHERE THERE'S NO WILL, IS THERE A WAY?

15. (C) On October 26, however, Moller told Ambassador Schlicher that the UN's plan had hit a snag thanks to a Turkish Cypriot demand that the bridging proposal be submitted to the sides in writing, not orally as insisted by the Greek Cypriots. Moller said he planned to meet Pertev

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and Tzionis together on October 30 to try to work out a compromise. Even if this impasse can be overcome, however, the process itself faces real long-term hurdles. By all accounts, the atmosphere between the two sides was very bad; Moller's October 30 meeting with Pertev and Tzionis will be their first three-way talks in at least a month.

16. (C) UN officials therefore worry that the coming months offer no guarantee of success. Moreover, they now note a negative mood and trends from the Greek Cypriots toward the UN and the settlement process. Cibor privately pointed to a recent case in which the GOC "lied" to the UN regarding a cross-Green Line criminal case, the latest round of politically motivated witch-hunting over UNOPS funding prior to the 2004 Annan referendum (ref c), and the October 20 "boycott" by ROC officials of UNFICYP's UN Day Reception. Furthermore, UN officials remain worried about the Turkish Cypriots, whose hatred of Moller and silly objections over protocol were the main stumbling block to progress through most of the summer. Moller has reiterated his concerns that Turkey might not be willing to give Talat the leeway he needed to be flexible and strike a deal.

17. (C) UN officials note that while it is too soon to tell what the UN's approach to Cyprus would be under Ban Ki-moon, the new SYG is unlikely to place Cyprus high on his agenda if the current deadlock continues. Moller told the Ambassador he was considering preparing a transition report on Cyprus for the new UN administration that would highlight the ongoing gap between the parties' words and deeds -- and that absent any progress, such a report could have an impact on the SYG's recommendations regarding UNFICYP's mandate renewal. Cibor, meanwhile, hinted that Moller (a career UN man who is "well respected" in New York but, thanks to his posting here, "not too close" to the outgoing crowd) might be plucked away to help the new SYG set up shop in headquarters. Moller reportedly has little interest in sticking around if the current deadlock cannot be overcome.

FINNISH TRACK: TURKS PLAY COY

¶8. (C) Meanwhile, in an October 26 meeting, local Finnish Ambassador Riisto Piipponen provided a readout of recent Finnish contacts with Cypriots and Turks to Ambassador Schlicher. According to Piipponen, Turkish U/S Apakan had taken a positive tone in a recent meeting on the margins of the Luxembourg GAERC, but had not come close to "yes." He had posed many questions and a few requests for amendments to the Finnish plan, including the desire for a permanent arrangement (rather than a temporary one) for trade through Famagusta, and a request for specifics on the role of the EU in the administration of the port. According to Piipponen, the Finns noted their desire for the EU (working with the Turkish Cypriot Chamber of Commerce) to have a role in controlling trade, but not in controlling the port itself. This "light touch" approach, the Finns believe, suited all sides' needs: the Turkish Cypriots would maintain the status quo for their port officials; the Turks could continue to use the port for their military needs; while the Greek Cypriots knew that pressing too much on port issues -- including the Turkish military's use of the port -- could endanger their prospects of getting something meaningful on Varosha.

¶9. (C) Apakan nonetheless emitted some signals that could/could be used later to justify a "no" to the Finns. He said that the Varosha issue "complicates" the Finnish proposal, suggested that Varosha's owners could use the recently-established "TRNC" property claims commission (ref d) to get their property back, and tried to press the argument that the obligations of the Additional Protocol were connected only to goods, not to ships and planes. He also queried whether the EU sought a formal parliamentary ratification of the implementation of the Protocol, or whether de facto implementation would be sufficient. Overflight and landing rights were not included in the requirements of the Protocol, said Apakan; yes, they are, replied the Finns. Apakan did not insist on inclusion of Ercan airport in the Finnish proposal, but said that Talat would so demand, adding that it was the Turkish Cypriots, not Ankara, who would have to agree to the deal. The Finns reportedly pressed back on this point, telling Apakan that "we are not going to play stupid games. We know who makes the decisions relevant to Varosha and Famagusta."

FINNISH TRACK: GOOD CYPRIOTS, BAD CYPRIOTS, AND THE TURKS

¶10. (C) "TRNC Presidential" U/S Pertev had visited Helsinki on Thursday, October 19, and presented a truly maximalist list of demands, including the addition of Ercan and the port of Kyrenia to the Finnish proposal, an end to "TRNC's social

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and cultural isolation," two Turkish Cypriot seats in the European Parliament, and a Turkish Cypriot successor to EU Commissioner Kyprianou. According to Piipponen, Pertev pressed for the wider concept of island-wide "free trade" and echoed Turkish desires for a permanent, not a temporary, arrangement. The Finns reportedly listened politely, but stressed that their proposal helped address Turkish Cypriot isolation, while respecting the Turkish Cypriot Famagusta equities. Ankara would in the end have to make the tough calls on Varosha and Famagusta, they stressed.

¶11. (C) ROC Presidential Diplomatic Adviser Tzionis had visited Helsinki on October 20. The Finns found him "ready to move if the Greek Cypriots can get some satisfaction on the question of access." The Greek Cypriots still hoped for a "clear prospect of return" of owners to their properties, without fixing timelines. They were open to partial or gradual implementation, according to Piipponen. They, did, however, continue to draw a red line around the opening of Ercan. Piipponen, known locally as very dubious of Papadopoulos's intentions, said he was surprised at how positive the Greek Cypriots had been. While aware that

Papadopoulos wants to prepare himself for a new round of the "blame game," Piipponen thinks that the Greek Cypriots also are seriously interested in anything that would produce a positive public perception that there is movement on Varosha.

FINNISH NEXT STEPS: SUGGESTED DISCREET PROXIMITY TALKS

¶12. (C) Piipponen confirmed that Helsinki was holding firm on its proposal, fleshing out details with the parties, but telling them that any additions to the proposal must be negotiated between the parties. They do not want "subtractions" from the proposal. As a next step, Finnish U/S Halonen will visit Ankara, Nicosia, and Lefkosa next week to propose discreet proximity talks to all three. The Finns would like to hold these proximity talks before the November 8 progress-report deadline. But Helsinki was promoting the idea that the November 8 report should be descriptive, not prescriptive, since this would be the best means of keeping hope for an agreement alive before the December Council meeting. Asked when the Finns intend to commit their proposal to writing, Piipponen said that "we will begin to write it down when we know they are really negotiating a compromise." His government had various drafts reflecting various permutations the negotiations might take. Piipponen added, "The biggest problem right now is with Ankara. They need to make their intentions known. They will want to hold out until December and create a crisis, but this is a European bet that they easily could lose."

OUR BEST APPROACH: DISCREET BUT FIRM

¶13. (C) COMMENT: In the critical weeks leading up to the December European Council meeting, we can play a helpful role in staving off an accession trainwreck. First, we must continue to back vigorously the UN's efforts to relieve pressure by relauching movement on the settlement track. Embassy Nicosia will keep supporting Gambari/Moller and pressing both communities to stop playing games and get down to business; Ambassador pressed this line with FM Lillikas on October 27, and will hit the message hard in his November 1 meeting with Talat, and in subsequent contacts on both sides. We must also support the Finnish initiative. Here, our approach should be Hippocratic: First, do no harm. The Finns here are concerned that any high-profile U.S. diplomacy could distract attention from their proposal and provide both Turkey and Papadopoulos with an excuse for indecision and inaction.

¶14. (C) Our best approach at this delicate phase is, even as we press Papadopoulos and Lillikas, to weigh in discreetly but firmly where we have the most credibility -- with the Turks and Talat. We must encourage them to seize back the initiative by saying "yes" to the EU. Current Turkish and Turkish Cypriot stonewalling tactics (in which Ankara plays coy about taking a tough decision and Talat rubbishes the Finnish initiative) have effectively shifted the mantle of intransigence away from the Greek Cypriot side. Papadopoulos has been able to stick comfortably to his principled insistence on Turkey fulfilling its legal obligations, while Ankara tries to nickel-and-dime the Finns. We think Papadopoulos needs to feel unified EU and international pressure, but this pressure cannot build in the absence of known Turkish positive intentions. END COMMENT.
SCHLICHER